

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: April 4, 1995

SUBJECT: **SB 920 - HB 1225**

This bill, if enacted, will establish the Tennessee Fire and Codes Enforcement Training Academy within the Department of Commerce and Insurance. All positions and all tangible assets, excluding real property, previously under the State Board of Regents for this institution are transferred to the Department of Commerce and Insurance. The bill provides for the Commissioner of Commerce and Insurance, with the support of the Department of Finance and Administration, to locate a suitable site and construct a state of the art fire and codes enforcement facility, centrally located in the state with dormitories, eating facilities, classrooms, labs, office space and other such accommodations as are necessary. The cost of the new academy will be paid for by the sale of general obligation bonds issued by the state.

In addition, the bill provides that all revenue generated by the Fire Marshal's premium tax shall not revert to the general fund at the end of the fiscal year but shall be retained in a separate fund to be known as the *Fire Prevention Fund* and used for the purpose of defraying expenses incurred in the implementation and enforcement of this bill.

The fiscal impact from enactment of this bill is estimated to be as follows:

1. Increase First Year State Revenues - \$175,000 from fees charged for general classes and classes to private industries.
2. Increase State Expenditures - \$3,080,000 first year debt service from the sale of general obligation bonds and bond obligation notes in an amount not to exceed \$28,000,000 for the construction of a state of the art fire and codes enforcement facility. This estimate assumes that the bonds will be issued for a period of 20 years at an interest rate of 6% and that 1/20th of the principal plus interest will be paid annually.
3. Increase First Year Recurring State Expenditures - \$612,300 for 16 staff positions and related expenses of the facility.
4. Shift in State Expenditures - \$275,000 from the State Board of Regents to the Department of Commerce and Insurance which represents the current operating budget for the fire school.
5. Reduction in Funds Available to General Fund - approximately \$4,400,000 in revenues generated by the Fire Marshal's premium tax which will not revert to the general fund at the end of the fiscal year.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director